

# PNE's Nils Kompe

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**German IPP PNE's global development pipeline of wind and solar reached over 9GW last year, and it considers PPAs for projects not just in Europe but also in markets such as South Africa and Canada.**

With its 30-plus-year track record in wind development, PNE supplies companies with PPAs mostly using its onshore wind project pipeline, for which it increasingly owns and operates, in Germany, counting 23 owned wind farms with a total capacity of 320MW. It is looking to grow its owned portfolio this year.

This enables the developer to deliver "relevant PPA volumes" while also remaining focussed on PPA potential and O&M for its non-owned European pipeline of over 2.5GW, says head of energy supply services and PPA management Nils Kompe.

**"The current high market price volatility creates uncertainties that complicate negotiations around PPAs."**

## **FQ: Are large corporations still the main buyers for wind PPAs in all of your regional areas?**

**NK:** It is true that large companies besides the major suppliers and energy traders play an important role in the PPA business, but more and more small and medium-sized enterprises are entering the PPA market. They increasingly rely on wind PPAs to diversify their energy mix and meet their sustainability goals. This development is very encouraging as it shows that the renewable energy market is maturing.

## **FQ: How and where are power price rises and price caps impacting or changing contracting practices with wind CPPA offtakers?**

**NK:** Power price increases and price caps can have a significant impact on contracting practices with CPPA offtakers. The current high market price volatility creates uncertainties that complicate negotiations around PPAs. In particular, finding a fair price in the face of constantly changing market conditions is a challenge. PPA negotiations are already time-consuming, and this added uncertainty can make the process even more complex.

Price caps can additionally add to the uncertainty at the regulatory level. They can create hesitation among stakeholders and lead to delays in decision-making processes.

Long-term planning certainty is crucial for wind power operators, and unexpected changes in legislation, such as the introduction of price caps, can have a major impact on the economic viability of projects. In such volatile times, it is crucial that we work closely with our partners and find flexible solutions to overcome the challenges and still realise sustainable and profitable projects.

### **FQ: Have you seen any new contracting practices emerging in the past year?**

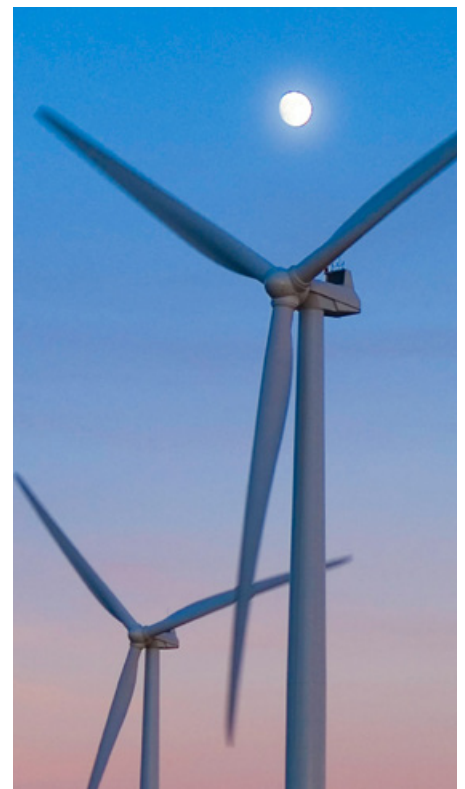
**NK:** Indeed, we were able to see some notable changes in contractual practices for PPAs the last year. In Europe in particular, we have observed two main trends.

First, the demand for financial PPAs has increased significantly. Such contracts are particularly attractive to multinational corporations that want to reduce their carbon emissions while hedging the risk of price volatility in the energy market. Financial PPAs allow them to do this by fixing the price of the energy produced over a fixed period of time.

Second, we have observed greater diversity in the pricing structure of PPAs. This ranges from collar structures, where a minimum and maximum price is set, to specific price profiles based on the individual needs and risk tolerances of buyers. This type of flexibility in pricing can help increase the attractiveness of wind PPAs and allows parties to tailor solutions that meet their specific needs and objectives.

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## **FQ: Are you seeing price cannibalisation impact wind PPA prices and do you expect any solutions to the price cannibalisation to come around?**

**NK:** In terms of solutions to price cannibalisation, there are several approaches that are currently being developed or implemented.

Joint development of solar and wind projects, which leads to higher efficiency and full load hours via the development of energy storage, can take in surplus energy when supply exceeds demand. As well, flexible power tariffs and demand-side management allow supply and demand to be balanced in real-time. This can help to smooth peaks ... Power-to-X solutions, which convert surplus renewable energy into other forms of energy such as hydrogen or heat. PNE is active in all these areas.

These technologies are particularly promising as they can not only help stabilise power prices, but also open up new markets for renewable energy. All these solutions are developing rapidly and we expect them to play an increasingly important role in addressing the challenges of price cannibalisation in the coming years.

## **FQ: Can you comment on any regulatory developments, for example the proposed revisions to EU electricity market design, with possible new rules for CfD auctions and PPAs?**

**NK:** Regulatory developments, especially at EU level, can have a significant impact on the market for PPAs and CfD auctions. There are several proposed changes currently under discussion, and although the final outcomes are still unclear, there are some points I want to highlight positively.

There are proposals to introduce [state-funded] PPA measures as credit support for CPPAs. This could help to mitigate the risk for companies and at the same time increase the attractiveness of PPAs as a financing instrument for renewable energies.



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It is essential that a future tariff system must ensure that PPAs can be implemented in a meaningful way so that the supply of green power to the market [through PPAs] can continue to take place at volumes needed, as well as in an efficient manner.

It is important to keep an eye on the progress of these regulatory developments as they may have a significant impact on the renewable energy market. At PNE, we are closely monitoring these developments and adjusting our strategy accordingly to ensure that we can continue to offer the best solutions to our customers. ☒

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